

[Login](#)
[Search](#)
[Homepage](#)

A Technology Vision

by Gregory H. Friedman, CFP

Past Issues & Articles

[Past Issues](#)
[Find Articles](#)
[Large-Quantity Reprints](#)
[Permission to Reprint](#)

One of the most daunting challenges facing financial planning firms today involves issues related to technology. This includes what types of hardware a firm should have, as well as what software programs should be bought and used. How technology is used in the future will mean the difference between remaining competitive and thriving, and possibly facing extinction. Technology expenses for many firms consume nearly ten percent of revenue, and how you spend these precious dollars is important to your firm's success.

How do you avoid...

- Costly mistakes?
- Buying software on a trial-and-error basis, but never using, or under-using, it?
- Upgrading computers unnecessarily?
- Purchasing more powerful (and expensive) computers than are necessary, or that you never use?

How do you use technology to...

- Create efficiencies in your office?
- Increase services to your clients?
- Enhance client relationships?

Start with a Vision

Take a step back and create a vision of what you are trying to accomplish. Consider the following questions.

What types of services do you want to provide your clients? Web-based performance reports? Access to client documents? A Web page that provides clients with ongoing and updated information? Do you want to provide comprehensive data management for your clients, including monitoring all of their financial and personal data such as investments, insurance policies, loans, family members, other advisors, significant events and activity?

What types of issues are you trying to address? Do you want to increase the overall office efficiency? Provide greater client services with fewer employees? Increase the productivity of the employees you have? Do you want to have a "paperless" office? Do you need to limit access to certain types of client and office data? Is the ability to access your office and work from a remote location important?

The first step is to create the vision of what you want your firm to look like. Many times software is bought for its "bells and whistles" instead of through careful analysis of whether you can make it work the way you do. Look at how you conduct your business, and what types of services your clients desire.

Hardware and Software

The next step is to evaluate the available options for implementing your technology vision.

What types of hardware will be necessary? Will you need a centralized server with workstations? How much memory will you need? What type of backup hardware is appropriate? Will you need a scanner for document imaging? Will you need a color laser printer, or will an inkjet printer work for your situation? Is a network printer appropriate? Would you and your employees be more productive with larger monitors? What operating system will you need: Windows NT, Windows 2000, Windows 98? Which system provides adequate security options, such as control over access to sensitive client or office data?

What software tools will be the best fit for implementing your vision? Many good programs are available, and there is no single "perfect" program that does everything you want. What programs have the features and functions you are looking for? What is the learning curve—are the programs relatively easy to use? What do they cost—not just the annual price paid to the vendor, but office training costs? What do they save in improved productivity for your office and increased services to your clients?

Where do you find information on what software tools are available? One of the best sources of this information is at the larger industry conferences, including the Financial Planning Association's Success Forum. Another excellent source of information is online at Financial Planning Interactive (www.fponline.com), including the discussion threads where you can see what others in similar situations are saying about the software currently on the market.

There is no one answer to these questions, and there are many options available. The answers will depend on many factors, including the structure of your firm, your future growth plans and your vision.

Assess Your Current Technology Setup

Now that you have created your vision for what you want to accomplish, and you have evaluated the available technology tools, the next step is to make a detailed assessment of your resources.

What hardware do you already have? Does it need to be upgraded or replaced? What is missing for you to accomplish your vision?

What software do you already use? What software are you paying for that you don't actually use? Which software programs should be discontinued? Are there features and functionality of your software that you are not aware of?

Creating a detailed list of current hardware and software resources provides two significant benefits: (1) you can determine what changes need to be made to your hardware and software to accomplish implementing your vision and (2) you will probably find software programs that you are paying for that you don't use—and can stop paying for!

Make a Plan for Implementing Your Technology Solutions

After developing your technology vision, evaluating the available options for hardware and software tools, and assessing your technology resources, the next step is to create a comprehensive technology plan.

Your plan should include the following considerations:

- Determine a budget. How much can you afford to spend? Should you borrow or pay cash?
- What other constraints do you have? Do you have enough space to add certain types of equipment such as large servers, scanners and printers? Is high-speed Internet access available?
- What specific hardware has to be acquired? Which company or brands should you purchase? Will you purchase extended warranties and support? (I recommend that you do!)
- What software programs will you acquire?
- What types of software integration will be possible? Will the various programs share data?
- How will software training be scheduled? How much time will be allocated for staff training? What training does the vendor provide? Note: lack of training is one of the biggest mistakes made in the purchase and use of software. Tremendous benefits can be gained by investing in additional training, including increased office productivity and possibly the avoidance of purchasing additional software!
- How should you schedule making hardware additions and rolling out the new software? Generally it is a good idea to make a few changes and then work with your systems to make sure there aren't any problems. Then implement additional changes and test again for problems. This way it is a little easier to troubleshoot problems that may occur.
- Should you use consultants? Although you may have a great interest in technology and follow current developments closely, there is a tremendous body of information that is difficult to keep up with. The services of a consultant can be invaluable in helping develop your plan and implement changes in hardware and software systems.

The effective use of technology is one of the most important factors in remaining competitive and building a successful financial planning firm. Spending on technology can overwhelm even the most successful firms. Taking time to follow the steps and consider the issues raised in this column can save you a tremendous amount of time and money, as well as increase your profitability and the services you provide your clients.

Gregory H. Friedman, CFP, is the principal of Friedman & Associates, a financial planning firm in Novato, California. He is the original creator of Junxure™, an office management system for financial planning firms.



[Contact Us](#)

[Site Map](#)

Copyright ● [FPA Privacy Statement](#) ● [CFP Board Disclosure Statement](#) ● [FPA Disclosure Statement](#)